

Message Text

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ORIGIN TRSE-00

INFO OCT-01 AF-08 ISO-00 EB-07 L-03 COME-00 CIAE-00 INR-07

NSAE-00 /026 R

DRAFTED BY TREASURY - SSOMMERFIELD:LLB

APPROVED BY EB/ITP/EWT - SSGOODMAN

AF/S - WEATON (INFO.)

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R 011200Z OCT 76

FM SECSTATE WASHDC

TO AMCONSUL JOHANNESBURG

INFO AMCONSUL CAPE TOWN

AMCONSUL DURBAN

AMEMBASSY PRETORIA

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E.O. 11652: N/A

TAGS: EGEN, EFIN, ETRD, BTIO, EINV

SUBJECT: RHODESIA SANCTIONS: REQUEST FOR CLARIFACATION
ON LEGAL PENALTIES FOR INFRACTIONS

REFERENCE: JOHANNESBURG 1544

1. NEITHER TREASURY NOR COMMERCE DEPARTMENT HAS ISSUED
ANY REQUIREMENT FOR ACCOUNTANTS' CERTIFICATIONS DESCRIBED
IN REFTEL.

2. WE BELIEVE REQUIREMENT EMANATES FROM ARTHUR ANDERSON,
CHICAGO, AS MEANS OF COMPLYING WITH SEC REQUIREMENTS FOR
FULL DISCLOSURE IN ANNUAL REPORTS OF THEIR CLIENTS OF
ALL FACTS WHICH MIGHT AFFECT THE ACCURACY OF SUCH A REPORT.
FOR EXAMPLE, PARENT COMPANIES NOW REQUIRED TO DISCLOSE
PAYMENT OF LOCAL BRIBES BY FOREIGN SUBSIDIARIES.
FAILURE TO MAKE FULL DISCLOSURE CAN LEAD TO SANCTIONS BY
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SEC AND EXPOSE BOTH CORPORATION AND AUDITING FIRM TO

LIABILITY FOR NEGLIGENCE. HOWEVER, IT SHOULD BE NOTED THAT THE SEC HAS NO SPECIFIC REGULATIONS REQUIRING CERTIFICATIONS DESCRIBED IN REFTEL.

3. PROBABLY TO AVOID THESE RISKS, ANDERSON INSTRUCTED ITS SOUTH AFRICAN OFFICE TO SEEK CERTIFICATIONS.

4. WE WELCOME THESE INSTRUCTIONS. WE CANNOT, HOWEVER, PROVIDE DETAILED GUIDANCE TO COMPANIES, IN LIGHT OF ABOVE BACKGROUND. KISSINGER

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